

Message Text

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50

ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 FRB-01 TRSE-00 OMB-01 EB-07 PA-02

PRS-01 USIA-15 CIAE-00 INR-07 NSAE-00 IO-10 STR-04

CEA-01 FEAE-00 COME-00 SS-15 NSC-05 L-03 H-02 ERDA-07

INT-05 SAM-01 SP-02 /112 W

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R 161523Z JUN 75

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 6106

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BELGRADE

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

USMISSION OECD PARIS

USMISSION EC BRUSSELS

USMISSION UN NEW YORK

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UNCLAS THE HAGUE 3048

E.O. 11652: N/A

TAGS: EFIN, XX

SUBJECT: ANNUAL BANKERS CONFERENCE WRAPS UP SESSION

REF: HAGUE 3010

SUMMARY: IN WRAP-UP SESSION OF MONETARY CONFERENCE, SECRETARY SIMON MADE STATEMENT TOUCHING ON MONETARY REFORM, MAINTAINING VALUE OF THE DOLLAR, AND ENERGY. HE AND FED CHAIRMAN BURNS EXPRESSED CONFIDENCE IN ACHIEVING MONETARY REFORM. CANADIAN BANKER CALLED FOR REGULATION OF WHOLESALE BANKING IN CANADA. END.

1. THE ANNUAL INTERNATIONAL BANKERS' CONCLAVE, THE INTERNATIONAL MONETARY CONFERENCE, WRAPPED UP ITS 1975 EDITION ON JUNE 13 IN AMSTERDAM WITH A LUNCHEON ADDRESS BY TREASURY SECRETARY SIMON IN WHICH THE SECRETARY CALLED FOR MORE BALANCED ECONOMIC POLITICS IN THE US AS THE BEST WAY TO ENSURE A STRONG DOLLAR. OVER THE PAST DECADE, HE SAID, THE US HAS PURSUED "EXCESSIVE AND MISGUIDED FISCAL AND MONETARY POLICIES WHICH HAVE BUILT STRONG INFLATIONARY FORCES". THIS INFLATION, HE CONTINUED, HAS BEEN THE MAJOR FACTOR LEADING TO THE RECENT RECESSION IN THE US. HE DESCRIBED RECENT TAX CUT AND FED-ANNOUNCED TARGET OF 5 TO 7.5 PERCENT GROWTH IN MONEY SUPPLY AS DESIGNED TO EASE SITUATION, BUT WARNED AT THE SAME TIME AGAINST RISK OF OVERSTIMULATING THE ECONOMY AND THUS INTENSIFYING CYCLICAL FORCES.

2. ON EXCHANGE RATE REGIME, SIMON SAID FLEXIBLE RATE SYSTEM HAS WORKED "REMARKABLY WELL" AND SUGGESTED THAT RETURN TO "A MORE BRITTLE INTERNATIONAL MONETARY SYSTEM" WOULD DISRUPT WORLD TRADE AND INVESTMENT. ON ENERGY, HE DECRIED LASSITUDE IN US IN CURTAILING CONSUMPTION AND SLOWNESS IN MOVING TO DEVELOP ALTERNATIVE SOURCES AND CASTIGATED CONGRESS FOR "UNCONSCIONABLE DAWDLING AND DELAY" OVER LAST SEVERAL MONTHS IN DEVELOPING ENERGY STRATEGY. WE NOTE THAT SECRETARY'S STATEMENT AND HIGHLIGHTS HAS BEEN CARRIED IN USIS WIRELESS FILE (NO. EUR-63) OF 6/13/75.
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3. ACCORDING TO LOCAL PRESS REPORTS, AT PRESS CONFERENCE 6/13 SIMON, AND EARLIER FED CHAIRMAN ARTHUR BURNS (WHO PARTICIPATED IN MORNING SESSION FOR CENTRAL BANKERS), BOTH EVINced CONFIDENCE IN PROSPECTS FOR AGREEMENT ON MONETARY REFORM QUESTIONS LATER THIS SUMMER DESPITE APPARENT STALEMATE IN PARIS LAST WEEK. BURNS IS QUOTED AS BLAMING LACK OF PROGRESS AT PARIS TO FAILURE TO CONSIDER ISSUES COMPREHENSIVELY RATHER THAN IN ISOLATION.

4. LOCAL PRESS ALSO REPORTS THAT CANADIAN IMPERIAL BANK OF COMMERCE CHAIRMAN WADSWORTH EXPRESSED CONCERN AT THE NUMBER OF NON-CANADIAN BANKS ESTABLISHING IN CANADA IN THE LARGELY UNREGULATED WHOLESALE SECTOR. HE URGED THAT

LEGISLATION BE CHANGED IN CANADA "TO PUT US ALL UNDER THE
SAME RULES".
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